COMPARATIVE STUDY OF OLD AND NEW PENSION SCHEME AND ITS IMPACT ON SOCIO- ECONOMIC STATUS OF GOVERNMENT EMPLOYEES IN MARATHWADA REGION.

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Introduction:

Government policies and interventions for development in various sectors and issues arising out of their design and implementation. India is developing country and has implemented growth strategies in different sectors to enhance its economic status. At global scale. It has continually shown high growth rate during the post-liberalisation period through the execution of economic reforms in the beginning of 1990s. After independence, development of the country and the community has always been the major objective of the government. It has attained excellence in several key areas that range from information technology and pharmaceuticals to automotive parts, and is currently considered as one of the rapidly growing economies of the world. Though India has gained success in some areas and there is positive developments, it is still among the countries with some of the lowest indicators of human development. The levels of malnutrition, illiteracy and poverty are unsatisfactorily high in India. There are numerous issues like the increase in income disparities and regional discrepancies which disrupt the growth of nation. Though employment opportunities have increased but the jobs created are not of high quality. Although there has been an increase in several social services like health, nutrition and education, the quality of most of these services remains poor in most of the rural areas. Major issue is irresistible majority of the population deprived of basic social protection. Policy-makers are

facing with inconsistency in the persistence of deprivations and increasing uncertainties among majority of public in growing wealth and prosperity for some groups. So in any democratic country ,bureaucracy has very crucial role to uplift the social status of whole population. For this purpose employees should have all facilities regarding their high standards of socioeconomic status .

Employee welfare means anything done for the comfort and (intellectual or social) improvement of the employees, over and above the wages paid. In simple words, it means "the efforts to make life worth living for workmen." It includes various services, facilities and amenities provided to employees for their betterment. These facilities may be provided voluntarily by progressive entrepreneurs, or statutory provisions may compel them to provide these amenities; or these may be undertaken by the government or trade unions, if they have the required funds.

Employee Welfare – Objectives

To enhance the level of morale of employees.

(ii) To create a loyal, contented workforce in organization.

(iii) To develop a better image of the company in the minds of the employees.

(iv) To enable the workers to live comfortably and happily.

(v) To develop efficiency of the workers.

(vi) To reduce influence of trade unions over the workers.

(vii) To expose philanthropic and benevolent activities of the company.

(viii) To make the workers know that the company takes care of them.

(ix) To develop positive attitude towards job, company and management.

(x) To reduce tax burden.

(xi) To develop a feeling of satisfaction of employees with the company.

Employee Welfare – 2 Types: Statutory and Voluntary

Type # 1. Statutory:

The government has passed a number of legislations in order to set minimum standards of safety and welfare for the employees at their workplace. Provisions have been made for the welfare facilities such as washing, storing, first-aid appliances, hours of work, sanitation, etc.

Type # 2. Voluntary:

The employers voluntarily have provided welfare amenities to the employees besides the statutory facilities. They are more concerned with the welfare of their employees. Organizations such as Godrej and L & T provide adequate transport and similar other facilities to their employees. Facilities for recreation, medical treatment, free meals or subsidized meals, schooling facilities for children, and sports and games are provided by many organizations.

Need for employee welfare scheme :

Lack of strong trade union movement – In the absence of strong trade unions and effective leaders, welfare work helps the workers in the industry to stand on their own feet, think properly and systematically of their interests, progress hand in hand and participate in the nation's development.

2. Poverty – Poverty is one of the main reasons behind the provisions of labour welfare activities. Indian workers in majority are poor, and are, therefore, unable to provide a healthy living for their families and good education for their children.

3. Illiteracy – In India, the number of educated workers is low. Being illiterate, they are unable to receive advanced industrial training,

understand the problems in industries, and understand their own interests and those of nations.

4. Low level of health and nutrition – Due to poverty and illiteracy, the Indian workers remain unhealthy and ill fed. This reduces their productivity and efficiency.

5. Lack of healthy recreation – Due to lack of healthy recreation, the workers indulge in crime and other wrong activities. The employer should provide means of healthy recreation in order to maintain their efficiency.

6. Lack of training – The number of trained workers in India is very low. Thus, it is necessary to have training facilities for such a vast workforce.

OLD pension scheme :

In this scheme Maharashtra Govt. employees get following benefits :

1. **Pension after retirement** : When any Govt. employee in Maharashtra retires at the age of 58 She/he gets the pension which is half of the last pay drawn by the employee.

2. Family pension

When talking about family pension, the widow is eligible for receiving a pension on the death of her spouse after completing a year of continuous service or even prior to the completion of a year.

3. Least pension

At the current circumstances, the least pension amount is Rs. 3500 on a monthly basis. The utmost limit of pension is half of the highest pay in Government jobs in India, which is Rs.45000 per month. The pension amount is payable up to and inclusive of the date of death.

4. Death/retirement gratuity

This is payable to retiring government servants. A least number of 5 years of service and eligibility to get pension/service gratuity is important to get the one-time whole sum benefit.

What is NPS?

NPS is a two-tier contribution-based investment vehicle in which an individual has full authority to decide where to invest his or her money.

There are four investing options, including equity, corporate debt, government bond, and alternative investment funds. There are two modes of investment you can choose between—active choice and auto choice.

- Underactive choice, you can choose your combination of investing options, with a maximum of 75 percent in equities up to age 50. Also, the contribution to alternative investment cannot exceed 5 percent.
- Under auto choice, the allocation is made as per the investor's age automatically by NPS.

The savings are pooled into one pension fund which is invested by professional fund managers regulated by the Pension Fund Regulatory & Development Authority (PFRDA), as per the approved investment guideline

The structure of NPS has two types of accounts—Tier I and Tier II.

- While Tier I of NPS does not allow you premature withdrawal,
- Tier II can be used for withdrawals before maturity.
- The minimum contribution for any individual is Rs 1,000 annually for both accounts.

Resident as well as non-resident Indians in the age group of 18-60 years (as on the date of submission of NPS application) can invest.

NPS also offers tax benefits. You can claim a tax deduction of up to Rs 1.5 lakh under Section 80C of the Income-tax Act, 1961. An additional deduction of Rs 50,000 is available for investments under 80CCD (1b).

Once NPS matures at the age of 60 years, you can withdraw 60 percent of the proceeds as a lump sum. This sum was taxable earlier but is now tax-free. The remaining 40 percent needs to be mandatorily invested in annuities listed by PFRDA. The income from these annuity instruments is fully taxable in the hands of the investors

Statement of problem :

It is known fact that when any government employee devotes his entire life in the service of Govt. He should get what he deserves . In the whole life of the employee he never cares about his personal problems, health etc. therefore it is the duty of the Govt. to take care of the employee after his retirement. The Govt. services are attracting the youth only because the Govt. sector takes care of the socio economic status of the employee even after retirement.

The researcher is stongly worried about the socio economic status of government employees after retirement and therefore this research topic is selected to study the socio economic problem of employee after retirement.

Objectives of the study

The proposed research is aimed at achieving following objectives;

1. To Study the role of welfare schemes available for government employees in Maharashtra
2. To study the provisions and features of Old Pension Scheme
3. To study the provisions and features of New Pension Scheme
4. To study and compare between Old Pension Scheme and New Pension Scheme
5. To study the employees perception towards Old Pension Scheme and New Pension Scheme
6. To study and compare the socio- economic impact on the lives of beneficiaries of Old Pension Scheme and New Pension Scheme
7. To suggest suggestions and improvements in New Pension Scheme.

Hypothesis :

The proposed hypotheses under study are as follows;

1. Government employees are financially literate to know and understand the provisions of Old Pension Scheme and New Pension Scheme
2. There is no significant difference between Old Pension Scheme and New Pension Scheme
3. The returns under New Pension Scheme are much more better than Old Pension Scheme
4. Government employees prefer Old Pension Scheme over New Pension Scheme
5. There is a negative impact of New Pension Scheme on the Socio-Economic status of government employees in Maharashtra

Limitations:

1. The study is confined to district places in Marathwada region

2. The Study is based on samples, and hence, the limitations of sampling are also applicable.

3. The period of study is from 2017-2022

Research Methodology :

This study is mainly based on the appropriate sample collected from 8 districts in Marathwada region about the employees that are retired from the service during 2017 to 2022.

1. Data collection:

The data will be collected from eight districts of Marathwada region of Mahatashtra state with the help of Questionnaire and surveys

2. Sample:

The proposed research is a sample study of Two hundred beneficiaries of Old Pension Scheme and Two hundred beneficiaries of New pension scheme from Marathwada region. The proposed study will be based on the data collected from 8 districts of Marathwada region. The respondents will be classified as pensioners of old pension scheme and new pension scheme. The researcher proposes to collect data from 400 respondents i.e. 50 from each district.

3. Statistical Tools:

The researcher would like to use Averages, Co-relation, Percentages, Deviations and various statistical tools to analyze the collected data.

CHAPTER PLAN:

Chapter No. 1) Introduction .
Chapter No. 2) Research Methodology.
Chapter No. 3) Review of literature.
Chapter No. 4) Old Pension Scheme and New Pension Scheme.
Chapter No. 5) Data Analysis.
Chapter No. 6) Conclusions and Recommendations.

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